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ABSTRACT

The Library Fines Committee at Wayne State University reviewed the existing system of loan periods and fines schedules in which high demand materials are loaned out for shorter periods of time with higher fines rates. The committee found the system to be ineffective because although a large amount of overdue materials money is collected, books are still not returned within the allowed loan period. In addition, the costs incurred by the library in collecting fines is excessively high which is mainly due to auditing requirements. There are a large number of small fines processed at high costs. Four ways of reducing the problems were studied: increasing fines, reducing costs by improvements in file maintenance and operating procedures, reducing the amount of overdue material by changing the length of loan, and collection of outstanding fines. The proposed fines schedule and a description of the applicable files are in the appendices to this report. (SJ)

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REPORT OF THE LIBRARY FINES COMMITTEE

UNIVERSITY LIBRARIES

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October 1972

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REPORT OF THE LIBRARY FINES COMMITTEE

October 25, 1972

To the Director of Libraries:

The primary objective of the rules governing the circulation of University Library materials is to maximize the use of Library materials to satisfy the needs of all borrowers and to minimize the costs incurred by the University community. To this end, the Library has limited the length of loan and has levied fines to encourage borrowers to return materials within the stated loan periods. To increase recirculation, materials in heavy demand have been loaned for shorter periods of time than have materials deemed not to be in heavy demand. Under the present system, the basic loan periods and fines are:

Loan period	Fines for overdues
Special Reserve	.25 per hour
Three days	.25 per day
One week	.25 per day
Two weeks	.10 per day

An examination of the fines and overdue system made during the Summer Quarter indicated that the present system is ineffective. While the cost incurred by the University to collect Library fines is excessive, and while the total amount of Library fines paid by students and returned to the University's General Funds is high (over $64,000), books are not returned within the allowable loan period. (About 24 per cent of the books actually returned are returned after the due date.) The reason costs are high is the combination of a large number of small fines being processed and high costs. To a large extent, high costs result from auditing requirements.

In computerized library circulation systems, such as those at the University of Michigan and Michigan State University, all records of transactions involving fines are automatically generated. Under our system, the source records of fines transactions are generated manually. The date due, date returned, fines owing, fines received, cashier's initials, and so on, are noted on the back of the edge-notched circulation card (McBee card). This information is also recorded on a Customer Ledger Card unless the fine is paid when the book is returned. However, the vast majority of fines are not paid when the overdue book is returned. (Some libraries, e.g., Columbia

University Libraries, reduce fines if they are paid when the book is returned. It was felt that this may in fact encourage overdues and thus decrease availability of Library materials. It may be advisable, however, to try this experimentally at some future date when the effect of a single change in procedure could be more accurately assessed.) In order to provide for an audit of this system, it is necessary to retain all of these source records so that they can be checked against cash receipts, fines outstanding, and fines written off. Under this system, significant reduction in costs will occur only when there is a significant reduction in the number of overdues. (For a description of circulation files, see Appendix II.)

The problem of a large number of small fines is related to high costs. The direct cost of collecting fines does not rise in a smooth curve. It moves upward in steps. A fine on a book that is one day overdue costs as much to collect as a fine on a book that is thirteen days overdue. After 13 days, the direct costs jump to a higher plateau since it is at this point that overdue notices are sent. The next jump is at the point when books have been overdue for seven weeks and a hold is placed on the student's record. (Or if a student accumulates enough of these small fines to total $10.00, a hold is placed on his student record.) The next jump in direct costs is when fines total $25.00 and the account is referred to Accounts Receivable. Although direct costs are less for processing books overdue by less than two weeks, it appears that it is this category of transactions that accounts for a large per cent of direct and indirect costs. Out of a typical sample of overdue books returned, approximately 81 per cent were less than two weeks overdue. Thus this period during which small fines are accumulating seems to be the point at which intervention in the present system is likely to produce the greatest savings. Since placing holds on student records is the most effective means of insuring that fines will actually be paid, the ideal changes in the system would be to reduce the number of short term overdues by raising fines and to make the point at which holds are placed correspond to the end of the one to thirteen day plateau. While this would optimize the return of books and the collection of fines, it would clearly be a hardship to the student who felt that he must keep a book longer than the allowable loan period or who forgot that he had a book. Therefore, the following means of reducing the magnitude of the problem were considered:

1. Increasing fines:

2. Reducing costs where possible by improving operating procedures and file maintenance;

3. Reducing the number of overdues, particularly the number of items overdue for a short length of time, by changing the length of loan;

4. Collecting more of the fines outstanding.

I. Increasing fines.

When library fine systems reach a point where they no longer break even, the typical response has been across-the-board increases in fines. However, there are several difficulties associated with raising fines. It is not known how high fines must be within this particular setting before fines per se become effective. Various factors influence the optimum amount of fines. These factors include: the difficulty and expense of parking; the number of duplicate copies of needed materials within the University Library collection or in the collections of local public libraries; the physical size of a book and the degree of intensity with which it must be consulted; the number of students competing for materials; the frequency of student visits to the Library to use the collection, to study, or to meet friends; the amount of money students are willing to pay in fines; and so on. In order to raise fines enough so that a hold would be placed after two weeks, fines would have to be raised to over 70 cents per day. If the amount at which holds were placed were lowered, it would mean greater costs would be incurred to collect smaller fines. It is felt by the Committee that Wayne State students are already paying large sums in fines--about 14.5 cents per circulated item. In contrast, students at Michigan State University and the University of Michigan pay about 5.8 cents and 6.8 cents respectively.

II. Reducing costs.

Some changes in operating procedures are being recommended. These will not affect our compliance with auditing requirements. (Changes recommended in file maintenance and document retention will be found in Appendix II.)

1. Quarterly--rather than monthly--trial balances should be made in order to reduce overtime. It was the original intention of the Internal Auditor that quarterly balances be made if discrepancies were minor after the Library staff became familiar with the operation of the cash register.

2. The ledger cards and the fines file should be purged more rapidly than in the past. This should reduce the physical size of the files, speed filing time, and it will mean that uncollected fines may be reported to the Department of Treasury more quickly for write-off approval. (The purging schedule suggested is found in Appendix II.)

3. Disputed fines should be handled in writing. A two-part form is being designed for this purpose. The borrower protesting a fine will write his complaint in the upper portion of the form. The librarian will note his decision and the reasons for it in the lower portion of the form. The carbon will then be retained by the Library and the original mailed to the borrower. The fact that the borrower knows that the Library has documentation of disputed fines may discourage some who habitually protest fines--but more importantly, it will allow the librarian-in-charge to batch this task thus eliminating the need for a librarian to always be available in the department to settle these disputes. However, during Final Registration periods it will still be necessary for a librarian to be available in the department and patrons will be able to pick up completed forms rather than receiving them in the mail. The form will be designed so that basic reasons for disputes may be quickly tabulated from them; and they will be formatted so that window envelopes can be used to mail them.

4. Fines totalling $25.00 or more should be referred to Accounts Receivable whether or not the student is currently enrolled. In the past, they were referred only if the student was no longer enrolled. The rationale for this was that a library hold would already have been placed on the student's record so that he could not enroll the following quarter unless he paid his fine--thus reducing the number of referrals. However, this may mean a delay in referral of several months, particularly if the student has pre-registered and then accumulated the fines. Since Accounts Receivable invoices the student once every month and a half for one year and then turns the fine over to a collection agency, the trail may be very cold by the time the agency receives the account. In order to prevent an increase in the number of referrals, the Committee is recommending a $10.00 billing/processing charge to be added to the account if the student fails to respond,

within two weeks, to the notice that his account is going to be referred. The notice should state that the billing/processing charge will be added to his account. This change will mean that it will no longer be necessary for Library staff to check every ledger of $25.00 or more to see if the fines are charged to a student who is no longer enrolled.

5. It is recommended that a standard price be charged for books that are not returned and that this price be adjusted yearly to reflect changes in average book prices. (This price would not apply to books in the vault nor to nonbook materials.) It is suggested that the Science Library determine a separate average price for its books because of the generally higher cost of books in the sciences. At present, a standard price is charged for books that are out of print, for books from the Medical Library, and for Government Documents. The Law Library may elect to charge actual book prices because they have relatively few books that are not returned. Since the Acquisitions staff looks up the price of six or seven thousand books per year, this should result in a substantial saving. Because the responsibility for determining charges would be transferred from Acquisitions to General Circulation, it will no longer be necessary for General Circulation to type lists of books for which prices are needed.

6. Photocopies of check records, with a standard cover sheet attached, should be sent to Accounts Receivable for invoicing rather than typing lists for this purpose. Since Accounts Receivable requires seven copies of the list of charges, they must retype the information regardless of the form in which it is received from the Library. Borrowers should also receive photocopies of check records, with a cover sheet stating that their account is being referred, rather than a typed letter. (A check record is a carbon copy of an overdue notice to which is added bibliographic data describing the materials not returned. Since the bibliographic data added to the check record will be used to identify the materials rather than to determine the replacement cost of materials, fewer data elements will have to be added than in the past.)

7. Post cards advising students that someone else has placed a reserve on a book that they have charged out should no longer be sent. Even if the student responds to this notice, the reduction in the length of time that the student keeps the book is likely to be slight within a two-week loan period and does not warrant the additional expense. Also, notices may be sent after the book has been returned due to delays in sorting books and discharging circulation cards. It would be unfair to force the student to respond to this notice by levying a fine against him since his need to use the book may be just as great as the need of the student placing the reserve. Post cards should continue to be sent to those who have reserved materials to inform them that the materials are available. And post cards should continue to be sent to faculty and staff informing them that materials that they have checked out have been reserved. Books charged to faculty will be reserved only if they have the only copy available. It is suggested that the University Library Committee consider means of enforcing the return of reserved materials charged to faculty. The Fines Committee recommends that daily fines be charged beginning two weeks after the notice is sent. These fines would be collected in the same manner as is proposed for the collection of charges for books never returned. (Part IV of this report, Collecting Fines Outstanding, p. 7) The faculty member could, of course, place a reserve on the book that he was returning. If the borrower placing the original reserve were a faculty member, he would then have an effective loan period of two weeks.

III. Reducing the number of overdues.

From the samples of returned books that the Committee examined, it appears that the vast majority of overdue books are three-day and one-week books in spite of the fact that fines are higher on these books than on two-week books. Therefore, the Committee is making the following recommendations:

1. Because 100 per cent of the returned three-day day books in the samples were overdue, all three-day books should be placed on Special Reserve to gain physical control of them and to increase their availability. They would then circulate according to the rules governing circulation of Special Reserve materials. This change would mean an immediate increase in the number of volumes on Special Reserve

of approximately 1,000 and it would mean a shift of part of the circulation function from General Circulation to Special Reserves. (Special Reserve books circulate overnight only when there is more than one copy on Reserve. The current fine of 25 cents per hour effectively discourages overdues so that collection of fines and generation of fines records seldom becomes part of this circulation operation.) This recommendation could only be implemented when sufficient space is provided to house and service these additional volumes and when there is adequate staff assigned to this function. To prevent excessive growth of this collection, it is suggested that a study be initiated to identify those items that are seldom used and a schedule be devised for removing books from Special Reserves or for recommending their removal. It is also suggested that a form be designed for notifying faculty of the change, or suggested change, in status.

2. Because approximately three-quarters of the one-week books in the samples studied were returned after the due date, it is recommended that one-week books be circulated for two weeks. The actual loan period of these overdue one-week books was approximately ten days. To help insure that the actual loan period remains within the new allowable loan period, the fine on two-week books should be raised to 25 cents per day. Since fines do not begin to accumulate as quickly on two-week books, it is possible that an increase to 25 cents may be insufficient. Therefore, more data should be collected after implementation to determine the effectiveness of this change.

IV. Collecting more of the fines outstanding.

1. At present, faculty and staff may check out books for an entire quarter and they may renew the loan unless the book has been reserved. There are no daily fines charged. It is recognized that the research needs of faculty frequently requires extended loan periods; and the Fines Committee does not feel that it would be in the best interests of the University to institute daily fines on needed materials. However, in order to increase availability of Library materials to the entire University community, it is felt that sanctions should be made against those faculty members that abuse these extended loan privileges. (During the month of July, the General Circulation Department had on file records of approximately 4,000 books overdue by more than six months and less than two years that were charged to faculty.)

Faculty and staff are, at present, invoiced by Accounts Receivable for materials that are not returned. After they have been invoiced for one year, staff accounts are turned over to a collection agency but faculty accounts are not. There is at this time no means of forcing faculty to pay for Library materials that are never returned. Accounts Receivable does ask faculty members to pick up their pay checks at the Cashier's Office so that the Accountant may speak to them about unpaid invoices. When a library fine is involved, it is likely that the ill-will that this causes is transferred to the Library even though this is not a Library policy and even though the Library has no control over when a faculty member will be asked to go to the Cashier's Office for his pay check. The Committee believes that it would be preferable to handle faculty fines in the same way that staff and student fines are handled, i.e., after the faculty member has been billed for one year, the acconnt should be turned over to a collection agency. It isn't likely that a great number of faculty members would be involved since there seems to be a small group that consistently fails to return books. In a sample of 415 books recently withdrawn from the Social Studies collection because they were overdue by more than two years, 96 had been borrowed by faculty. In this sample, taken from one loan period, one faculty member failed to return seven books, three failed to return 5 books, and one failed to return 4 books. It is recommended that the $10.00 billing/processing charge be levied against faculty and staff as well as against students. This charge would not be cancelled if the books were returned after the account had been referred.

An alternative that the University Library Committee may wish to consider is the creation of a Library blacklist. Those faculty members that refuse to return long overdue books or who refuse to pay for lost books would be denied the privilege of charging out Library materials. This method was put into effect during the Spring quarter, 1972, at the University of Georgia Library. By the end of the fiscal year, their file of faculty members with fines outstanding was reduced by two-thirds.

2. It is recommended that the maximum fine be raised from $8.00 to $12.25. Thus overdue books would continue to accumulate fines for seven weeks. A Hold Notice would then be sent to the student. If the maximum remained at $8.00, a student would accumulate fines for four and a half weeks.

He could then keep the book for an additional two and a half weeks without incurring further penalties and without receiving a Hold Notice. This is, of course, what has happened under the current system with one-week and three-day books. This change could cause an increase in the number of Library holds. However, as was previously mentioned, it is at this point that the system becomes most effective.

The Fines Committee feels that implementation of the recommendations in this report will reduce the total cost of the circulation system and will increase availability of Library materials to all members of the University community. In addition, the Committee wishes to suggest that continued thought be given to the possible computerization of the Library circulation system. While the Committee does not have access to the operating costs and the costs of developing the computerized circulation systems at the University of Michigan and at Michigan State University, a superficial examination indicates that computerization of this function might well produce savings. The following table compares the size of circulation departments at the three universities.

	Total Circulation	Circulation Librarians	FTE Clerical Staff	FTE Student Assistants (shelving)	Floor Space (sq. ft.)
U of M Undergraduate Library	339,000	1	5**	14.1	1,767
MSU Undergraduate and Research Library	750,000	1	9	45	3,000
WSU General Library	440,000	2*	15.5*	20	4,222

* 1 vacant
** plus 2 Library Science work/study students

APPENDIX I

PROPOSED FINES SCHEDULE

(1) BORROWERS WITH STUDENT PRIVILEGES. (This class of borrowers includes: currently enrolled students from Wayne State University, University of Detroit, Merrill-Palmer Institute, Adult Education, University of Windsor (graduate only); students not currently enrolled who are working on incompletes, essays, theses, etc. to complete degree work at Wayne State University; faculty from local community colleges (other than Wayne County Community College), non-state supported institutions of higher education, University of Windsor; and members of Wayne State University's Century Club, and Alumni Association.)

Two-week books. $0.25 per day, maximum $12.25. Two weeks after the due date, an overdue notice is sent to the borrower.

Special Reserve materials (overnight). $0.25 per hour or fraction of hour, maximum $12.25.

Lost books. Fines accumulated until the book is reported lost, maximum $12.25, plus standard book price, plus $10.00 billing/processing charge. (The borrower may replace the book in lieu of paying the standard book price. However,it must be replaced within two weeks after the book is reported lost. Any fines owed and the billing/processing charge must still be paid.) If the fine is not paid within two weeks after it is reported lost, the account will be referred to Accounts Receivable and the fine must then be paid at the Cashier's Office.

Books not returned and not reported lost. After a book is overdue by seven weeks, a second notice is sent to the borrower. He will be given two weeks in which to respond to this notice. After two weeks, he will be charged the maximum fine of $12.25, plus the standard book price, plus the $10.00 billing/processing charge. The account is referred to Accounts Receivable at this time; and the fine must be paid at the Cashier's Office.

Accumulated fines totalling $10.00 or more but less than $25.00 The student borrower will be notified that a Library Hold is going to be placed on his record which prevents registration, graduation, and issuance of transcripts. To avoid a hold, the fine must be paid within two weeks after the notice is sent

Accumulated fines totalling $25.00 or more. The borrower will be notified that his Library account is being referred to Accounts Receivable for collection. If he fails to respond to the notice within two weeks, his account will be referred and a $10.00 billing/processing charge will be added to the account.

(11) BORROWERS WITH FACULTY PRIVILEGES. (This class of borrowers includes full- and part-time faculty and staff from Wayne State University and full- and part-time faculty from other Michigan state-supported institutions of higher education.)

Library materials that have been recalled. $0.25 per day beginning two weeks after notice is sent, maximum $12.25. After seven weeks, the faculty member will be sent a reminder. If he does not respond within two weeks, it will be assumed that the book is lost and the borrower will be charged the maximum fine, the standard book price, and a $10.00 billing/processing charge. The account will be referred to Accounts Receivable; and the fine must then be paid at the Cashier's Office.

Books not returned. If books are not returned or renewed within one year after the due date, the borrower will receive a notice that his account is being referred to Accounts Receivable. If he fails to respond to this notice within two weeks, he will be charged the standard book price plus a $10.00 billing/processing charge. If the book is returned within the two-week period, he will not be charged a fine. If the book is replaced within the two-week period, he will be charged only the billing/processing charge.

Accumulated fines totalling $25.00 or more. A faculty borrower may accumulate fines in two ways: (1) fines from recalled books returned more than two weeks after the recall notice is sent but before the maximum fine period plus the two-week period after the reminder is sent; and (2) billing/processing charges on lost books that have been replaced. When the borrower accumulates $25.00 or more in fines, he will be notified that his account is being referred to Accounts Receivable for collection. If he fails to respond within two weeks, his account will be referred; and the fine will then have to be paid at the Cashier's Office.

APPENDIX II

DESCRIPTION OF THE FILES
SUPPORTING THE FINES AND OVERDUE SYSTEM

The major files supporting the fines and overdue system are listed below. Recommendations have been made to reduce the size of the files and to eliminate some documents. However, the need to maintain records sufficiently detailed to provide for the auditing of this system has meant that changes suggested are relatively slight. (The completed forms describing each file and each document within the files are available from the Head Librarian of the General Circulation Department.)

The old fines file was created at the time of the audit in 1971. The file is composed mainly of fines totalling less than $5.00. The auditors considered these fines either uncollectable or too costly for collection. No secondary document (ledger card) was ever created for these fines and they were not included in our outstanding balance. It was recommended at the time of the audit that this file be retained for a short period of time and then discarded. The file has now been retained for one year. We recommend that it be discarded immediately.

The current fines file contains our source documents for the collection of fines. It is from this file that our ledger file for audit control is generated. The file contains a wide array of documents some of which could be eliminated. Many of these documents in the past were an integral part of the fines system, but with the use of the ledgers, they only duplicate information. The "hold" cards could be eliminated.

"Holds" are now notated on the ledgers by a numeric symbol. The old fines ledgers could be eliminated also because the current ledgers carry this information. If patron complaints are recorded on complaint forms as the Fines Committee is recommending, the current ad hoc system of notes and letters could be eliminated from the fines files. Invoice number cards can also be removed from the file and this information carried on the ledgers.

The ledger file was instituted at the time of the audit. It is composed of secondary documents derived from the current fines file. It was instituted as a means of audit control and contains a wide range of data elements. The only recommendations, in regard to this file, are to add the accounting referral invoice number as mentioned above, and to institute the following purging schedule:

Purge ledgers under the following conditions:

1. Zero to 50 cents balance and file inactive at least one year;
2. 51 cents to $2.50 balance and file inactive at least two years;
3. $2.51 to $5.00 balance and file inactive at least three years;
4. Fines not referred to Accounts Receivable and file inactive at least four years.

The ledger file will be purged quarterly, at the time the quarterly trial balance is made, and the accounts will be credited on the posting machine. The cancelled fines will be reported to the Internal Auditor by means of an error report. The purged ledgers will be retained for the normal University retention period.

The student check record file is composed of overdue notices sent to students and serves as an inventory of overdue books arranged according to student name. We advise no change in this file.

The cancelled student check record file is composed of check records cancelled for various reasons, e.g., return of book and payment of fine, location of book on the shelf, etc. This file is arranged according to the month of return within an alphabetic arrangement. At present, there is no schedule for the discard of these records. It is recommended that they be discarded after two months.

The faculty check record file is composed of faculty overdue notices and is an inventory of overdue books charged to the faculty. The Committee recommends no change in this file.

The cancelled faculty check record file is composed of cancelled faculty overdue notices. Since no "holds" of records are involved in faculty matters, and the need for "back-up" records is reduced, we recommend that this file be eliminated.

Respectfully submitted,

Carolyn Navarre, Chairwoman
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